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DEPARTMENT OF THE INTERIOR

Minerals Management Service

30 CFR Part 250

RIN 1010-AC89

Oil and Gas and Sulphur Operations in the Outer Continental Shelf  
Documents Incorporated by Reference--API RP 14F and API RP 14FZ

AGENCY: Minerals Management Service (MMS), Interior.

ACTION: Final rule.

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SUMMARY: MMS is publishing this final rule to incorporate by reference into our regulations the 4th edition of American Petroleum Institute (API) Recommended Practice (RP) 14F (API RP 14F), ``Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Division 1 and Division 2 Locations.'' The updated document, 4th edition, will replace the 3rd edition of API RP 14F, which is already incorporated by reference into MMS regulations. The final rule will also add another document to be incorporated by reference for the first time into our regulations. The new document, API RP 14FZ, 1st edition, is titled ``Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Zone 0, Zone 1 and Zone 2 Locations.'' These revisions will ensure that lessees use the best available and safest technologies while operating in the Outer Continental Shelf (OCS).

EFFECTIVE DATE: This rule becomes effective on August 21, 2003. The incorporation by reference of the publication listed in the regulation is approved by the Director of the Federal Register as of August 21, 2003.

FOR FURTHER INFORMATION CONTACT: David Nedorostek, Operations Analysis Branch, at (703) 787-1029.

SUPPLEMENTARY INFORMATION: We use standards, specifications, and recommended practices developed by standard-setting organizations and the oil and gas industry for establishing requirements for activities in the OCS. This practice, known as incorporation by reference, allows us to incorporate the provisions of technical standards into the regulations without increasing the volume of the Code of Federal Regulations. The legal effect of incorporation by reference is that the material is treated as if it were published in the Federal Register.

This material, like any other properly issued regulation, then has the force and effect of law. We hold operators/lessees accountable for complying with the documents incorporated by reference in our regulations. The regulations, found at 1 CFR part 51, govern how MMS and other Federal agencies incorporate various documents by reference. Agencies can only incorporate by reference through publication in the Federal Register. Agencies must also gain approval from the Director of the Federal Register for each publication incorporated by reference. Incorporation by reference of a document or publication is limited to the specific edition or to the specific edition and supplement or addendum cited in the regulations.

Both API RP 14F and API RP 14FZ are incorporated by reference at 30 CFR 250.114. The requirements under this section apply only to platforms, artificial islands, fixed structures, and their facilities and not to electrical systems on floating facilities. Electrical systems on floating facilities are regulated by the U. S. Coast Guard (USCG). A Memorandum of Understanding (MOU) between MMS, U.S. Department of the Interior, and USCG, U.S. Department of Transportation, dated December 16, 1998, gave USCG the responsibility for electrical systems on floating facilities. Additionally, according to the MOU, USCG is responsible for aids to navigation, emergency lighting (standby lighting), survival craft, and general alarms, procedures for which, though included in both documents, are not under MMS regulations.

We have reviewed these documents and have determined that the latest editions of both documents should be incorporated into MMS regulations to ensure the use of the best available and

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safest technologies. The title of API RP 14F has been changed in the 4th edition to conform with API RP 500, ``Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Division 1 and Division 2,`` which is currently incorporated into MMS regulations. Our review shows that the changes between the old (3rd) edition and the new (4th) edition are minor. Most of the changes apply to floating facilities and are, therefore, not part of this rulemaking for the reasons cited above. Also, the 3rd edition is not readily available to affected parties because it is out of print. The oil and gas industry is already building new structures in accordance with the provisions of the 4th edition of this standard. The 4th edition has been revised using an API standard editorial format.

#### Summary of the Changes in the 4th Edition of API RP 14F Pertaining to Platforms, Artificial Islands, Fixed Structures, and Their Facilities

In the 4th edition of 14F, several subsections that were contained in the 3rd edition have been consolidated into one subsection titled ``Protection Techniques Related to Equipment Installed in Locations Classified as Division 1 and Division 2.`` This new subsection includes explosion proof equipment, hermetically sealed devices, intrinsically safe devices, nonincendive equipment, and purged enclosures. No new requirements were imposed.

In the 4th edition of 14F, cable-shielding considerations have been added to the Electrical Distribution Systems section. This allows for the installation of metal clad cables in lieu of sealed conduits for electrical wiring. The use of metal clad cables could result in savings to industry of up to 40 percent over the use of sealed conduits and conventional wiring practices. Both methods of cable shielding provide

for equal safety.

Subsections have been added to the 4th edition of 14F to cover advances in technology in battery-powered DC supply systems (uninterruptible power supplies), electric oil-immersion heaters, cathodic protection, and hand-held electronic devices. These four new subsections cover equipment that is now in standard use on OCS structures, but that was not in the early 1990's when the 3rd edition was completed. These new subsections should not impose any new costs on the industry since operators are already using this equipment.

#### Review of API RP 14FZ

The two recommended practices addressed by this rulemaking are nearly identical. The original version (14F) is to be used with the electrical classification system contained in API RP 500. This system of electrical classification differentiates locations by ``Divisions.'' This document (API RP 500) is already incorporated by reference into the regulations. A similar document, API RP 505, ``Recommended Practice for Classification of Locations for Electrical Installations at Petroleum Facilities Classified as Class I, Zone 0, Zone 1, and Zone 2,'' is also currently incorporated by reference into the regulations. This system classifies hazardous locations by ``Zones'' based on how long a hazardous vapor is present. The new 14FZ document is to be used with API RP 505. The difference between the two pairs of documents, 14F/500 and 14FZ/505, is that 14F/500 uses two ``Divisions'' to classify hazardous areas while 14FZ/505 uses three ``Zones'' to define these classified hazardous areas. The 14F document defines techniques for protection from fires in the Division system. The 14FZ document defines protection techniques in the Zone system for hazardous locations. Both systems provide for safe work environments for personnel. The protection techniques identified for the Division system are not all acceptable for the Zone system and vice versa. The Zone system identifies more protection techniques than the Division system; however, both systems have proven their safety by comparisons of both systems through the National Electrical Code, Factory Mutual, and Underwriters Laboratories. The operator could realize cost savings if the Zone system (14FZ/505) is used in classifying and designing electrical systems.

We are incorporating the new 14FZ to complete the set of documents in the regulations and give lessees a choice in installing electrical systems. The incorporation of 14FZ will not impose any additional costs on the industry since it is nearly identical to RP 14F and may result in cost savings. The operators must use one set of documents or the other to design and install electrical systems on their facilities. The costs for complying with the documents are similar. We are merely giving the industry some flexibility with regard to classifying and installing electrical systems under either the API RP 500 system or the API RP 505 system.

#### Discussion and Analysis of Comments

The updated document API RP 14F 4th edition and the new document API RP 14FZ were published as a proposed rule on January 14, 2003.

Four organizations submitted comments on the proposed rulemaking. They are the (1) Shell Exploration and Production Company (Shell); (2) Waldemar S. Nelson & Co., Inc.; (3) Offshore Operators Committee (OOC); and (4) Department of Environmental Protection (Florida). All four commenters favor the incorporation of API RP 14F (4th edition) and 14FZ (1st edition).

Shell supports the incorporation of API RP14F and 14FZ into MMS

regulations.

Waldemar S. Nelson & Co., Inc., strongly feel that incorporating the latest editions of API RP 14F and 4FZ enhances everyone's goal to provide for safer temporary and permanent electrical installations and more easily understood code wording, as well as enabling MMS rules to more closely reflect the latest code wording and philosophy of the National Electrical Code. All parties gain from this move as design and installation practices become more uniform and more economical without compromising safety. In many cases, safety is enhanced. By keeping up with the latest available technology and materials, offshore electrical installations can be designed to be more corrosion resistant than in the past.

The OOC commends the MMS for incorporating industry standards into its offshore operating regulations to ensure the use of the best available and safest technologies on the OCS. The incorporation of these two documents ensures that MMS regulations remain current with present design and installation requirements and guidelines for electrical systems on offshore production facilities.

The Department of Environmental Protection promotes the incorporation of API RP 14F and 14FZ into MMS regulations.

#### Procedural Matters

##### Public Comments Procedure

Our practice is to make comments, including names and home addresses of respondents, available for public review during regular business hours. Individual respondents may request that we withhold their home addresses from the rulemaking record, which we will honor to the extent allowable by the law. There may be circumstances in which we would withhold from the rulemaking record a respondent's identity, as allowable by the law. If you wish us to withhold your name and/or address, you must state this prominently at the beginning of the

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comment. However, we will not consider anonymous comments. We will make all submissions from organizations or businesses, and from individuals identifying themselves as representatives or officials of organizations or businesses, available for public inspection in their entirety.

##### Regulatory Planning and Review (Executive Order 12866)

This document is not a significant rule and is not subject to review by the Office of Management and Budget (OMB) under Executive Order 12866.

(1) This rule will not have an effect of \$100 million or more on the economy. It will not adversely affect in a material way the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or tribal governments or communities.

The rule may have a positive economic impact because of the cost savings from using shielded cables in lieu of sealed conduits. Otherwise, the documents do not contain any significant revisions that will cause lessees or operators to change their business practices. The documents will not require the retrofitting of any facilities.

(2) This rule will not create a serious inconsistency or otherwise interfere with an action taken or planned by another agency.

(3) This rule does not alter the budgetary effects or entitlements, grants, user fees, or loan programs or the rights or obligations of

their recipients.

(4) This rule does not raise novel legal or policy issues.

#### Regulatory Flexibility (RF) Act

The Department of the Interior (DOI) certifies that this final rule will not have a significant economic effect on a substantial number of small entities as defined under the RF Act (5 U.S.C. 601 et seq.). This rule applies to all lessees that operate on the OCS. Small lessees that operate under this rule would fall under the Small Business Administration's (SBA) North American Industry Classification System Codes 211111, Crude Petroleum and Natural Gas Extraction, and 213111, Drilling Oil and Gas Wells. The provisions of this rule will not have a significant economic effect on offshore lessees and operators, including those that are classified as small businesses. The SBA defines small business as having:

[sbull] Annual revenues of \$5 million or less for exploration service and field service companies.

[sbull] Fewer than 500 employees for drilling companies and for companies that extract oil, gas, or natural gas liquids.

The incorporation of API documents into MMS regulations cover electrical installations on offshore structures. The documents to be incorporated by this rule have been used by the industry for many years, and the latest editions represent state-of-the-art industry equipment and practices. The structures currently being built are being constructed according to the requirements in either API RP 14F (4th edition) or API RP 14FZ.

The final rule's purpose is to update one document that is currently incorporated by reference in the regulations and to incorporate by reference a new, nearly identical document into the regulations. The differences between the newer document and the older document are very minor. The updated document consolidates several subsections in a new subsection covering protection techniques. In addition, cable shielding considerations were added to the updated document. This allows for the installation of metal clad cables in lieu of sealed conduits. The use of metal clad cables could result in savings to industry of up to 40 percent over the use of sealed conduits and conventional wiring practices. Other subsections have been added to the updated document to cover advances in technology. New subsections cover equipment that is now in standard use on OCS facilities, but that was not in use in the early 1990's when the older 3rd edition was completed and incorporated into the regulations. These new subsections should not impose any additional costs to industry since operators are already using this new equipment and technology. By incorporating both 14F and 14FZ, which are nearly identical, but utilize different classification systems, we are giving the industry a choice in electrical classification methods.

Under the North American Industry Classification System Code 211111, Crude Petroleum and Natural Gas Extraction, MMS estimates that a total of 1,380 firms drill oil and gas wells onshore and offshore. The group affected by this rule is the approximately 130 companies that are offshore lessees/operators. According to SBA criteria, approximately 90 companies are small businesses (70 percent). As discussed above, this rule imposes no new operational requirements, reporting burdens, or other measures that would increase costs to lessees/operators, large or small. Therefore, this rule has no significant economic impact on small entities.

Comments from the public are important to us. The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small

businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you wish to comment on the enforcement actions of MMS, call toll-free (888) 734-3247. You may comment to the SBA without fear of retaliation. Disciplinary action for retaliation by an MMS employee may include suspension or termination from employment with the Department of the Interior.

#### Small Business Regulatory Enforcement Fairness Act (SBREFA)

This rule is not a major rule under 5 U.S.C. 804(2), SBREFA. This rule:

(a) Does not have an annual effect on the economy of \$100 million or more. The rule will not cause any significant costs to lessees or operators. The only costs will be the purchase of the new documents and minor revisions to some operating and maintenance procedures. The minor revisions to operating and maintenance procedures may result in some minor costs or may actually result in minor cost savings.

(b) Will not cause a major increase in costs or prices for consumers, individual industries, Federal, State, or local government agencies, or geographic regions.

(c) Does not have significant adverse effect on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises.

#### Paperwork Reduction Act (PRA) of 1995

This regulation does not require an information collection from 10 or more parties, and a submission under the Paperwork Reduction Act is not required. An OMB Form 83-I is not required.

#### Federalism (Executive Order 13132)

According to Executive Order 13132, the rule does not have significant Federalism effects. This rule will not substantially and directly affect the relationship between the Federal and State governments. This rule will simply update one document and add one document incorporated by reference to ensure that the industry uses the best and safest technologies. This rule does not impose costs on States or localities. Any costs incurred affect only the oil industry and will be minor.

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#### Unfunded Mandate Reform Act (UMRA) of 1995 (Executive Order 12866)

This rule does not impose an unfunded mandate on State, local, or tribal governments or the private sector of more than \$100 million per year. The rule does not have a significant or unique effect on State, local, or tribal governments or the private sector. A statement containing the information required by the UMRA (2 U.S.C. 1531 et seq.) is not required.

#### Takings Implication Assessment (Executive Order 12630)

According to Executive Order 12630, this rule does not have significant Takings implications. A Takings Implication Assessment is not required.

Federalism (Executive Order 13132)

According to Executive Order 13132, this rule does not have Federalism implications. This rule will not substantially or directly affect the relationship between the Federal and State governments because it deals strictly with technical standards that the offshore oil and gas industry must use in designing, fabricating, and installing fixed offshore facilities. This rule will not impose costs on States or localities, nor will it require any action on the part of States or localities.

Civil Justice Reform (Executive Order 12988)

According to Executive Order 12988, the Office of the Solicitor has determined that this rule does not unduly burden the judicial system and meets the requirements of sections 3(a) and 3(b)(2) of the Order.

National Environmental Policy Act (NEPA)

This rule does not constitute a major Federal action significantly affecting the quality of the human environment. A detailed statement under the NEPA of 1969 is not required.

Consultation and Coordination with Indian Tribal Governments (Executive Order 13175)

In accordance with Executive Order 13175, this rule does not have tribal implications that impose substantial direct compliance costs on Indian tribal governments.

List of Subjects in 30 CFR Part 250

Continental shelf, Environmental impact statements, Environmental protection, Government contracts, Incorporation by reference, Investigations, Mineral royalties, Oil and gas development and production, Oil and gas exploration, Oil and gas reserves, Penalties, Pipelines, Public lands--mineral resources, Public lands--rights-of-way, Reporting and recordkeeping requirements, Sulphur development and production, Sulphur exploration, Surety bonds.

Dated: June 23, 2003.

Rebecca W. Watson,  
Assistant Secretary, Land and Minerals Management.

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For the reasons stated in the preamble, MMS amends 30 CFR Part 250 as follows:

PART 250--OIL AND GAS AND SULPHUR OPERATIONS IN THE OUTER  
CONTINENTAL SHELF

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1. The authority citation for part 250 continues to read as follows:

Authority: 43 U.S.C. 1331 et seq.

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2. In Sec. 250.114, paragraph (c) is revised to read as follows:

Sec. 250.114 How must I install and operate electrical equipment?

\* \* \* \* \*

(c) You must install all electrical systems according to API RP 14F, Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Division 1, and Division 2 Locations (incorporated by reference as specified in Sec. 250.198), or API RP 14FZ, Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Zone 0, Zone 1, and Zone 2 Locations (incorporated by reference as specified in Sec. 250.198).

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3. In Sec. 250.198, in the table in paragraph (e), the entry for API RP 14F is revised and a new entry for document API RP 14FZ is added in alphanumeric order to read as follows:

Sec. 250.198 Documents incorporated by reference.

\* \* \* \* \*

(e) \* \* \*

| Title of document  | Incorporated by reference<br>at  |
|--|--|
| <p style="text-align: center;">* * * * *</p> <p>API RP 14F, Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Division 1 and Division 2 Locations, 4th edition, June 1999, API Stock No. G14F04.</p> | <p>Sec. 250.114(c);<br/>Sec. 250.803(b)(9)(v);<br/>Sec. 250.1629(b)(4)(v).</p> |
| <p>API RP 14FZ, Recommended Practice for Design and Installation of Electrical Systems for Fixed and Floating Offshore Petroleum Facilities for Unclassified and Class I, Zone 0, Zone 1 and Zone 2 Locations, 1st edition, September 2001, API Stock No. G14FZ1.</p>  | <p>Sec. 250.114(c);<br/>Sec. 250.803(b)(9)(v);<br/>Sec. 250.1629(b)(4)(v).</p> |

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4. In Sec. 250.803, paragraph (b)(9)(v) is revised to read as follows:

Sec. 250.803 Additional production system requirements.

\* \* \* \* \*

(9) \* \* \*

(v) Fire- and gas-detection systems must be an approved type, designed and installed according to API RP 14C, API RP 14G, and either



API RP 14F or API RP 14FZ (the preceding four documents incorporated by reference as specified in Sec. 250.198).  
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5. In Sec. 250.1629, paragraph (b)(4)(v) is revised to read as follows:

Sec. 250.1629 Additional production and fuel gas system requirements.

\* \* \* \* \*

(4) \* \* \*

(v) Fire- and gas-detection systems must be an approved type, designed and installed according to API RP 14C, API RP 14G, and either API RP 14F or API RP 14FZ (the preceding four documents incorporated by reference as specified in Sec. 250.198).  
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